

ARIZONA HOUSE OF REPRESENTATIVES  
Fifty-second Legislature – Second Regular Session

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CHIEF CLERK'S OFFICE

3-9-16

**COMMITTEE ON ENERGY, ENVIRONMENT AND NATURAL RESOURCES**

Report of Regular Meeting  
Monday, March 7, 2016  
House Hearing Room 1 -- 2:00 p.m.

**Convened** 2:39 p.m.

**Recessed**

**Reconvened**

**Adjourned** 3:59 p.m.

**Members Present**

Mrs. Barton  
Mrs. Carter  
Mr. Clark  
Mr. Finchem  
Mr. Kopec  
Mr. Leach  
Mr. Saldate  
Mr. Bowers, Vice-Chairman  
Mr. Pratt, Chairman

**Members Absent**

**Agenda**

Original Agenda – Attachment 1

**Request to Speak**

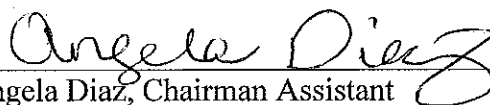
Report – Attachment 2

**Presentations**

<b><u>Name</u></b>	<b><u>Organization</u></b>	<b><u>Attachments (Handouts)</u></b>
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**Committee Action**

<b><u>Bill</u></b>	<b><u>Action</u></b>	<b><u>Vote</u></b>	<b><u>Attachments (Summaries, Amendments, Attendance)</u></b>
SB1417	DPA Committee Attendance	7-2-0-0	3, 4, 5, 6, 7, 8, 9 10

  
Angela Diaz, Chairman Assistant  
March 9, 2016

(Original attachments on file in the Office of the Chief Clerk; video archives available at <http://www.azleg.gov>)

Convened: 2:39pm  
Adjourned: 3:59pm

ARIZONA HOUSE OF REPRESENTATIVES  
Fifty-second Legislature - Second Regular Session

REGULAR MEETING AGENDA

**COMMITTEE ON ENERGY, ENVIRONMENT AND NATURAL RESOURCES**

DATE Monday, March 7, 2016

ROOM HHR 1

TIME 2:00 P.M.

Members:

Mrs. Barton  
Mrs. Carter  
Mr. Clark

Mr. Finchem  
Mr. Kopec  
Mr. Leach

Mr. Saldate  
Mr. Bowers, Vice-Chairman  
Mr. Pratt, Chairman

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Bills	Short Title	Strike Everything Title
*SB1417 <u>DPA</u>	distributed energy generation systems (Lesko, Allen S, Bradley, et al)	
<u>7-2-0-0</u>	EENR disc/held 0-0-0-0-0, RULES	

\* On previous agenda

**ORDER OF BILLS TO BE SET BY THE CHAIRMAN**

AD  
3/2/16

People with disabilities may request reasonable accommodations such as interpreters, alternative formats, or assistance with physical accessibility. If you require accommodations, please contact the Chief Clerk's Office at (602) 926-3032, TDD (602) 926-3241.

# Information Registered on the Request to Speak System

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## *House Energy, Environment and Natural Resources (3/7/2016)*

### **SB1417, distributed energy generation systems**

#### **Testified in support:**

Chad Guzman, AZ PUBLIC SERVICE COMPANY (APS)

#### **Testified as opposed:**

DONALD BEGALKE, representing self; Brandon Cheshire, representing self; Sandy Bahr, Sierra Club - Grand Canyon Chapter; Mark Holohan, representing self; Corey Garrison, representing self; Lee Jacob Feliciano, representing self

#### **Support:**

Mike Huckins, GREATER PHOENIX CHAMBER OF COMMERCE; Corey Spofford, representing self; Robert Shuler, WELLTON-MOHAWK IRRIGATION & DRAINAGE DISTRICT; Marc Osborn, Arizona Prosperity Alliance; Garrick Taylor, Arizona Chamber Of Commerce And Industry; Manny Tarango, SALT RIVER PROJECT (SRP); Steven Eddy, TUCSON ELECTRIC POWER COMPANY; Jeff Sandquist, TUCSON ELECTRIC POWER COMPANY; Russell Smoldon, AMPUA, Cortaro-Marana Irrigation District; James Candland, AZ PUBLIC SERVICE COMPANY (APS); Warde Nichols, AZ PUBLIC SERVICE COMPANY (APS); Philip Bashaw, GRAND CANYON STATE ELECTRIC COOP ASSN; Amanda Rusing, East Valley Chambers Of Commerce Alliance

#### **Oppose:**

Jeanne Devine, representing self; Ryan Harper, AZ BUILDERS' ALLIANCE; Peter Bengtson, representing self; Dale Domzalski, representing self; Eve Shapiro, representing self; Patricia Cady, representing self; Thomas Krepitch, representing self; Sandy Whitley, representing self; Michael Fiflis, representing self; Alisa McMahon, representing self; Gary Beverly, representing self

#### **All Comments:**

Jeanne Devine, Self: AS an owner of solar panels, I know of the savings provided and the need to reduce coal emissions.; DONALD BEGALKE, Self: After last Monday's words by the APS Rep., SB1417 has no connection to the spelling problems that APS has had. Thus the last section of 1417 should be amended, deleted. Please, delete the section; then pass the bill.; Peter Bengtson, Self: The Solar Industry is a wonderful fit for Arizona. We have lots of sunshine. Turning this into renewable energy is something that needs to be encouraged. Don't add restrictions and costs to the solar industry.; Sandy Whitley, Self: I am a strong advocate for roof top solar. I strongly oppose SB 1417 which puts more rules and regulations on solar providers before previously enacted rules have had time to take effect and their effectiveness assessed.; Steven Eddy, TUCSON ELECTRIC POWER COMPANY: TEP supports 1417 and the Leach amendment. Jeff Sandquist will speak in support if necessary.; Gary Beverly, Self: We should encourage rooftop solar instead of passing this bill.



# HOUSE OF REPRESENTATIVES

SB 1417

distributed energy generation systems  
Prime Sponsor: Senator Lesko, LD 21

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X Committee on Energy, Environment and Natural Resources

Caucus and COW

House Engrossed

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## OVERVIEW

SB 1417 prescribes installation, interconnection and energizing processes for distributed generation systems and makes changes to the consumer disclosure requirements for the sale, lease or finance of a system.

## PROVISIONS

### *Distributed Generation System Interconnection*

1. Defines *energize* and *energized* as a distributed generation system (DG system) that is installed and operational for generating and storing electricity.
2. Defines *interconnected* or *interconnection* as a DG system that is connected and able to transfer electricity to the power grid.
3. Prohibits anyone from installing, interconnecting or energizing a DG system until an application has been submitted to and approved by the utility that owns or operates the power grid and the applicant must follow the utility's interconnection requirements.
  - a. The application must disclose the current owner at the time the DG system will be energized and the utility must be notified of any ownership changes.
4. Allows utilities serving less than 75,000 customers to waive the prescribed interconnection requirements.
5. Requires DG systems to be energized and interconnected before lease payments begin.

### *Installation and Safety Standards*

6. Adds that installation of DG systems must be in compliance with state and federal consumer protection, performance, certification, marking, installation and safety standards.
7. Applies disciplinary actions to contractors that fail to meet installation, safety or other prescribed standards.
8. Removes the ability of the Registrar of Contractors (ROC) to conduct random inspections of solar devices.

### *Agreements and Sales Documents*

9. Requires any blank spaces in a finance, sale or lease agreement for a DG system to be shown to and initialed by the consumer when signing the agreement.
10. Adds that the following must be separately acknowledged by the consumer:
  - a. The provision granting the consumer to rescind the agreement within three business days after the agreement is signed and before the system is installed;

- b. A description of the make and model of the DG system major components or a guarantee concerning energy production output the system will provide for the duration of the agreement; and
  - c. The total purchase price or cost for the life of the agreement, any interest or fees to be paid, the total number of payments, payment frequency, the amount of payment and the payment due date, if the system is financed or leased.
  - Current law requires this information to be disclosed to the consumer in the agreement but does not specify this information must be separately acknowledged (A.R.S. § 44-1763(A)).
11. Stipulates the agreement must contain the information required in A.R.S. § 32-1158 for contracts.
12. Requires utility rate projections provided in an agreement or sales documents to include an estimate of the consumer's future utility charges for the duration of the agreement.
- Current law requires agreements and marketing materials containing projections of future utility charges based on future utility rates to provide an estimate of the utility charges during the same period as impacted by potential rate changes from plus or minus 5% range from current utility costs (A.R.S. § 44-1763(A)(12)).
13. Requires documents and sales presentations to:
- a. Substantiate methodology used to calculate and reasonably quantify the cumulative savings the consumer would receive for the duration of the agreement; and
  - b. Include historical utility rates in the same utility service territory as the consumer for the preceding period that is the same timeframe as the duration of the agreement.

#### *Warranties*

14. Requires the major components of leased or financed DG system to be warranted for two years or, in lieu of warranting, guarantee the energy production output that will apply to the duration of the finance or lease agreement.
- a. Requires warranty periods for DG system major components that are less than the duration of the agreement to be disclosed to and separately acknowledged by the consumer.
15. Requires a written warranty to be provided in the agreement for financing, sale or lease of a solar energy device.
16. Removes the requirement for ROC to adopt rules regarding the warranty statement.

#### *Miscellaneous*

17. Removes references to and requirements of the shuttered Governor's Energy Office.
18. Includes DG system in the definition of *solar device*.
19. Makes technical and conforming changes.

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1417

(Reference to Senate engrossed bill)

- 1 Page 9, line 41, after "AGREEMENT" insert "IN ONE PERCENT INCREMENTS"
- 2 Page 10, line 13, after "AND" insert ", IF THE DOCUMENT OR SALES PRESENTATION IS
- 3 INTENDED FOR A SPECIFIC POTENTIAL BUYER OR LESSEE,"
- 4 Line 39, after "SYSTEM" insert "IN ONE PERCENT INCREMENTS"
- 5 Amend title to conform

VINCE LEACH

1417LEACH  
03/04/2016  
10:20 AM  
H: TS/rca

Adopted ☒ # of Verbals \_\_\_\_\_  
Failed \_\_\_\_\_ Withdrawn \_\_\_\_\_  
Not Offered \_\_\_\_\_ Analysts Initials TS

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1417

(Reference to Senate engrossed bill)

- 1 Page 10, line 9, strike "DOCUMENT OR SALES PRESENTATION" insert "FINANCE, SALE OR  
2 LEASE AGREEMENT"  
3 Line 12, strike "DOCUMENT OR SALES PRESENTATION" insert "PROVIDER OF THE  
4 DISTRIBUTED ENERGY GENERATION SYSTEM"  
5 Line 15, strike "DOCUMENT OR SALES PRESENTATION" insert "FINANCE, SALE OR LEASE  
6 AGREEMENT"  
7 Line 17, strike "DOCUMENT OR SALES PRESENTATION" insert "FINANCE, SALE OR LEASE  
8 AGREEMENT"  
9 Line 18, after "HISTORICAL" insert "EFFECTIVE"  
10 Line 21, after "LESSEE" insert ", TO THE EXTENT THE EFFECTIVE UTILITY RATE IS  
11 PUBLICALLY AVAILABLE FOR THE PERIOD OF TIME REQUIRED"  
12 Between lines 22 and 23, insert:  
13 "D. THE REQUIREMENTS OF SUBSECTIONS B AND C OF THIS SECTION MAY BE  
14 SATISFIED BY POSTING THE METHODOLOGY USED TO CALCULATE FINANCIAL SAVINGS AND  
15 THE HISTORICAL UTILITY RATES ON THE DISTRIBUTED ENERGY GENERATION SYSTEM  
16 PROVIDER'S WEBSITE AND PROVIDING THE WEBSITE ADDRESS ON THE FINANCE, SALE OR  
17 LEASE AGREEMENT."  
18 Reletter to Conform  
19 Amend title to conform

MATTHEW A. KOPEC

1417KOPEC3  
03/04/2016  
02:40 PM  
H: JT/rca

Adopted \_\_\_\_\_ # of Verbals \_\_\_\_\_  
Failed ☒ Withdrawn \_\_\_\_\_  
Not Offered \_\_\_\_\_ Analysts Initials TS

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1417

(Reference to Senate engrossed bill)

- 1 Page 9, lines 36 and 37, strike "~~after the installation of a distributed energy~~  
2 ~~generation system~~" insert "after the installation of a distributed energy  
3 generation system"
- 4 Line 38 strike "estimated FUTURE" insert "estimated"; strike "~~during the same~~"  
5 Line 39 strike "~~period~~" insert "during the same period"
- 6 Line 41 strike "APPLIED TO THE DURATION OF THE AGREEMENT"; strike "The ANY"  
7 insert "The"
- 8 Line 42 strike "~~based on the same utility rates~~ BY"  
9 Strike Line 43, insert "based on the same utility rates."
- 10 Page 10, line 29, after "If" strike remainder of line  
11 Strike line 30
- 12 Line 31, strike "CONTAINS" insert "the seller's or marketer's marketing  
13 materials contain"
- 14 Line 32, after "rates" strike remainder of line  
15 Line 33, strike "~~generation system~~" insert "after the installation of a  
16 distributed energy generation system"; strike "~~marketing materials~~ DOCUMENT  
17 OR SALES PRESENTATION" insert "marketing materials"
- 18 Line 34, strike "estimated FUTURE" insert "estimated"  
19 Line 35, strike "~~during the same period~~" insert "during the same period"
- 20 Line 37, strike "APPLIED TO THE DURATION OF"  
21 Strike lines 38 through 40, insert a period  
22 Amend title to conform

KEN CLARK

1417CLARK3  
02/25/2016  
05:44 PM  
H: JT/rca

Adopted _____	# of Verbals _____
Failed <input checked="" type="checkbox"/>	Withdrawn _____
Not Offered _____	Analysts Initials <u>KS</u>

Attachment 6



PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1417

(Reference to Senate engrossed bill)

- 1 Page 11, line 17, after the period insert "IF THE UTILITY THAT OWNS OR OPERATES THE  
2 POWER GRID AT THE POINT OF INTERCONNECTION DOES NOT APPROVE OR DENY AN  
3 APPLICATION WITHIN THIRTY DAYS OF THE APPLICATION'S FILING DATE, THE  
4 APPLICATION SHALL BE DEEMED APPROVED."  
5 Amend title to conform

KEN CLARK

1417CLARK2  
02/25/2016  
05:41 PM  
H: JT/rca

Adopted \_\_\_\_\_ # of Verbals \_\_\_\_\_  
Failed ☒ Withdrawn \_\_\_\_\_  
Not Offered \_\_\_\_\_ Analysts Initials JS

Fifty-second Legislature  
Second Regular Session

Energy, Environment and Natural Resources  
S.B. 1417

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO S.B. 1417

(Reference to Senate engrossed bill)

- 1 Page 11, lines 8 and 11, strike "INSTALL,"
- 2 Amend title to conform

KEN CLARK

1417CLARK  
02/25/2016  
05:35 PM  
H: JT/rca

Adopted _____	# of Verbals _____
Failed <input checked="" type="checkbox"/>	Withdrawn _____
Not Offered _____	Analysts Initials <u>JS</u>

**ARIZONA HOUSE OF REPRESENTATIVES**  
**Fifty-second Legislature - Second Regular Session**

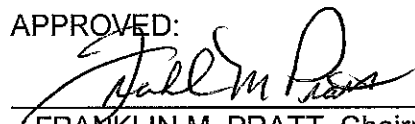
**ROLL CALL VOTE**

COMMITTEE ON ENERGY, ENVIRONMENT AND NATURAL RESOURCES BILL NO. SB 1417

DATE March 7, 2016 MOTION: DPA

	PASS	AYE	NAY	PRESENT	ABSENT
Mrs. Barton		✓			
Mrs. Carter		✓			
Mr. Clark	-		✓		
Mr. Finchem		✓			
Mr. Kopec			✓		
Mr. Leach		✓			
Mr. Saldate		✓			
Mr. Bowers, Vice-Chairman		✓			
Mr. Pratt, Chairman		✓			
		7	2	0	0

APPROVED:

  
FRANKLIN M. PRATT, Chairman  
RUSSELL BOWERS, Vice-Chairman

  
COMMITTEE SECRETARY

ATTACHMENT \_\_\_\_\_

**ARIZONA STATE LEGISLATURE**  
Fifty-second Legislature - Second Regular Session

**COMMITTEE ATTENDANCE RECORD**

COMMITTEE ON ENERGY, ENVIRONMENT AND NATURAL RESOURCES

CHAIRMAN: Franklin M. Pratt VICE-CHAIRMAN: Russell Bowers

DATE	3/7 /16	/16	/16	/16	/16
CONVENED	2:39 Pm	m	m	m	m
RECESSED					
RECONVENED					
ADJOURNED	3:59 PM				
MEMBERS					
Mrs. Barton	✓				
Mrs. Carter	✓				
Mr. Clark	✓				
Mr. Finchem	✓				
Mr. Kopec	✓				
Mr. Leach	✓				
Mr. Saldate	✓				
Mr. Bowers, Vice-Chairman	✓				
Mr. Pratt, Chairman	✓				

√ Present

--- Absent

exc Excused